

RECORDATION NO. 24662 FILED

OCT 27 '03 3:01 PM

SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

October 27, 2003

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Lease, dated as of February 1, 2003, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: ATEL Capital Equipment
Fund VIII, LLC
600 California Street
6th Floor
San Francisco, CA 941048

Lessees: Watco Companies, Inc.
South Kansas and Oklahoma Railroad
315 W 3rd St
Pittsburg, KS 66762

Mr. Vernon Williams
October 27, 2003
Page Two

A description of the railroad equipment covered by the enclosed document
is:
293 covered hoppers within the series CNW 181000 – CNW 182697
and CAGY 1601 – 1645.

A short summary of the document to appear in the index follows:

Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr
Enclosures

RECORDATION NO.

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MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

This **MEMORANDUM OF LEASE** is effective as of February 1, 2003, between **ATEL CAPITAL EQUIPMENT FUND VIII, LLC**, ("ATEL"), a California limited liability company, with its principal office at 600 California Street, 6th Floor, San Francisco, CA 94108, and **WATCO COMPANIES, INC.** and **SOUTH KANSAS AND OKLAHOMA RAILROAD**, ("WATCO" and "SKOR"), both Kansas corporations, with their principal office at 315 West 3rd Street, Pittsburg, KS 66762.

WITNESSETH

ATEL, as Lessor, and WATCO and SKOR, as Lessee, entered into Master Lease Agreement ("Master Lease") dated as of February 1, 2003 and Lease Schedule No. 1 thereto dated as of February 1, 2003, which incorporates the terms and conditions of the Master Lease and together with the Master Lease is the "Lease". The Lease covers 293 used 1981 Pullman Standard 4,750 foot trough hatch covered hopper cars, 263,000lb capacity, bearing road numbers as more specifically described on Exhibit A attached hereto and made a part hereof, as shall be amended from time to time ("Railcars").

The base lease term commences on the average delivery date for all Railcars, as mutually agreed by ATEL and WATCO and SKOR, and continues for one (1) year thereafter, but in any event ending not later than February 1, 2004, unless earlier terminated in accordance with the terms of the Lease.

This Memorandum of Lease has been executed and delivered by the parties for the purpose of recording and giving notice of the Lease.

IN WITNESS WHEREOF, ATEL and WATCO and SKOR have executed this instrument as of the date first above written.

ATEL CAPITAL EQUIPMENT FUND VIII, LLC

by: ATEL Financial Services, LLC, its Manager

by: ATEL Leasing Corporation, its Manager

By: Vasco H. MoraisName: Vasco H. Morais, Esq.

Senior Vice President

Title: _____

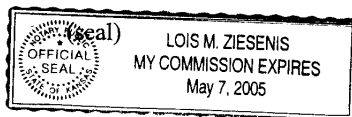
WATCO COMPANIES, INC.By: Kirk HawleyName: Kirk HawleyTitle: VP Marketing**SOUTH KANSAS AND OKLAHOMA
RAILROAD**By: [Signature]Title: Market Mgr. - OgdenDate: 10/14/03

(STATE OF Kansas)

SS

(COUNTY OF Crawford)

On this 14th day of October 2003, before me personally appeared Kirk Hawley, to me personally known, who being duly sworn, did depose and say that such person is VP - Marketing of Watco Companies, Inc. and that the foregoing Memorandum of Lease was signed on behalf of said corporation by authority of its Board of Directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.



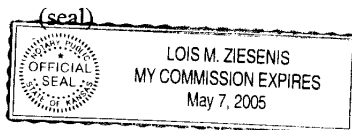
Lois M Ziesenis
Notary Public

(STATE OF Kansas)

SS

(COUNTY OF Crawford)

On this 14th day of October 2003, before me personally appeared Raf Cedeno, to me personally known, who being duly sworn, did depose and say that such person is Marketing Manager of South Kansas and Oklahoma Railroad and that the foregoing Memorandum of Lease was signed on behalf of said corporation by authority of its Board of Directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.



Lois M Ziesenis
Notary Public

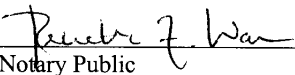
(STATE OF California)

SS

(COUNTY OF San Francisco)

On this 22nd day of October 2003, before me personally appeared Vasco H. Morais, to me personally known, who being duly sworn, did depose and say that such that such person is Senior Vice President of ATEL Capital Equipment Fund VIII, LLC and that the foregoing Memorandum Lease Agreement was signed on behalf of said limited liability company by authority of its Board of Directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

(seal)


Notary Public

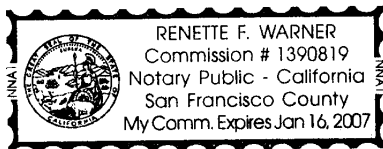


EXHIBIT A

No.	Old Car Mark	New Car Mark
1	CNW181000	TBD
2	CNW181001	TBD
3	CNW181002	TBD
4	CNW181004	TBD
5	CAGY1601	TBD
6	CNW181006	TBD
7	CNW181007	TBD
8	CNW181010	TBD
9	CNW181011	TBD
10	CNW181012	TBD
11	CNW181013	TBD
12	CNW181014	TBD
13	CNW181015	TBD
14	CNW181017	TBD
15	CNW181018	TBD
16	CNW181019	TBD
17	CNW181020	TBD
18	CNW181021	TBD
19	CNW181022	TBD
20	CNW181023	TBD
21	CNW181024	TBD
22	CNW181025	TBD
23	CNW181026	TBD
24	CNW181027	TBD
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28	CNW181032	TBD
29	CNW181033	TBD
30	CNW181037	TBD
31	CNW181038	TBD
32	CNW181039	TBD
33	CNW181041	TBD
34	CNW181045	TBD
35	CNW181046	TBD
36	CNW181047	TBD
37	CNW181048	TBD
38	CNW181050	TBD
39	CNW181052	TBD
40	CNW181053	TBD
41	CNW181054	TBD
42	CNW181055	TBD
43	CNW181056	TBD
44	CNW181057	TBD
45	CNW181058	TBD
46	CNW181059	TBD
47	CNW181061	TBD
48	CNW181062	TBD
49	CNW181063	TBD
50	CNW181064	TBD
51	CNW181065	TBD
52	CNW181066	TBD
53	CNW181069	TBD
54	CNW181071	TBD
55	CNW181072	TBD
56	CNW181073	TBD

EXHIBIT A

No.	Old Car Mark	New Car Mark
57	CNW181074	TBD
58	CNW181075	TBD
59	CNW181076	TBD
60	CNW181079	TBD
61	CNW181080	TBD
62	CNW181082	TBD
63	CNW181083	TBD
64	CNW181084	TBD
65	CNW181085	TBD
66	CNW181086	TBD
67	CNW181087	TBD
68	CNW181088	TBD
69	CNW181089	TBD
70	CNW181091	TBD
71	CNW181092	TBD
72	CNW181093	TBD
73	CNW181094	TBD
74	CNW181096	TBD
75	CNW181097	TBD
76	CNW181098	TBD
77	CNW181099	TBD
78	CNW181100	TBD
79	CNW181101	TBD
80	CNW181102	TBD
81	CNW181103	TBD
82	CAGY1602	TBD
83	CNW181105	TBD
84	CNW181106	TBD
85	CNW181107	TBD
86	CNW181108	TBD
87	CNW181109	TBD
88	CNW181110	TBD
89	CNW181111	TBD
90	CNW181112	TBD
91	CNW181115	TBD
92	CNW181118	TBD
93	CNW181193	TBD
94	CNW181194	TBD
95	CNW181196	TBD
96	CNW181199	TBD
97	CNW181200	TBD
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108	CNW181216	TBD
109	CNW181217	TBD
110	CNW181219	TBD
111	CNW181220	TBD
112	CNW181221	TBD

EXHIBIT A

No.	Old Car Mark	New Car Mark
113	CNW181222	TBD
114	CNW181223	TBD
115	CNW181225	TBD
116	CNW181226	TBD
117	CNW181227	TBD
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135	CNW181260	TBD
136	CNW181268	TBD
137	CNW181270	TBD
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162	CNW181304	TBD
163	CNW181306	TBD
164	CNW181308	TBD
165	CNW181309	TBD
166	CNW181312	TBD
167	CNW181314	TBD
168	CNW181316	TBD

EXHIBIT A

No.	Old Car Mark	New Car Mark
169	CNW181317	TBD
170	CNW181319	TBD
171	CNW181320	TBD
172	CNW181321	TBD
173	CNW181323	TBD
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219	CNW182260	TBD
220	CNW182317	TBD
221	CNW182353	TBD
222	CNW182355	TBD
223	CNW182357	TBD
224	CNW182358	TBD

EXHIBIT A

No.	Old Car Mark	New Car Mark
225	CNW182361	TBD
226	CNW182362	TBD
227	CNW182380	TBD
228	CNW182381	TBD
229	CNW182383	TBD
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277	CNW182649	TBD
278	CNW182658	TBD
279	CNW182662	TBD
280	CNW182664	TBD

EXHIBIT A

No.	Old Car Mark	New Car Mark
281	CNW182666	TBD
282	CNW182670	TBD
283	CNW182683	TBD
284	CNW182689	TBD
285	CNW182697	TBD
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290	CNW182496	TBD
291	CNW182586	TBD
292	CNW182500	TBD
293	CNW181031	TBD